



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
PO Box 45811, Olympia WA 98504-5811

July 15, 2004

Dear Contractor,

Due to recent changes in the insurance market and the rescission of the insurance requirement to obtain an Adult Family Home license, DSHS will grant a temporary waiver of the insurance requirement contained in your Adult Family Home contract(s). Pursuant to paragraph 16 of your contract, this letter serves as a written waiver of the insurance requirements contained in paragraph 20.

This letter is not a recommendation that you drop any current insurance coverage that you may have. Maintaining an insurance policy is a prudent course of action; however, DSHS recognizes that due to the current insurance market, appropriate insurance may be difficult to obtain.

This waiver will be in effect until July 31, 2005. Nothing in this letter is intended to permanently remove the insurance requirement from your contract. If the waiver is revoked and the insurance requirement is reinstated, you will be notified and given an opportunity to obtain the proper insurance coverage.

If you have any questions, please call April Boze-Hassett at (360) 725-2387.

Sincerely,

Susan Bush

Susan Bush
Contracting Officer, DSHS

**ADMINISTRATIVE POLICY NO. 13.13**

SUBJECT: Insurance Requirements for Contracts

INFORMATION CONTACT: Central Contract Services
Administrative Services Division
MS 45811 (360) 664-5939

AUTHORIZING SOURCE: RCW 43.41.280-300

EFFECTIVE DATE: August 1, 2004

REVISED:

APPROVED BY:

Kathleen Brockman
Chief Administrative Officer

SUNSET REVIEW DATE: August 1, 2006

PURPOSE:

The purpose of this policy is to:

- A. Protect the Department of Social and Health Services (DSHS) clients from the adverse economic impact of injuries and losses which may result from the acts and omissions of DSHS contractors;
- B. Protect DSHS from claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the contractor;
- C. Establish minimum insurance policy limit requirements; and
- D. Establish process for requesting and approving waivers to requirements for insurance.

SCOPE:

This policy applies to all personal, client, purchased service, and Interlocal contracts with DSHS.

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ADDITIONAL GUIDANCE:

For further information or additional guidance regarding department contracting policies and procedures, see the following references:

- Administrative Policy 13.09, Purchased Goods and Services
- Administrative Policy 13.10, Central Contract Services
- Administrative Policy 13.11, General Contract Monitoring Policy
- DSHS "Guide to Personal Service, Client Service, and Interlocal Contracting"
- Office of Financial Management Guide to Client Service Contracting
- Office of Financial Management Guide to Personal Service Contracting

DEFINITIONS:

Certificate of Insurance: A document submitted by the insured providing evidence that certain types of insurance coverage and limits have been purchased by the contractor.

Contract: A legally binding written agreement between DSHS and another entity or entities, public or private, for the provision of goods or services.

Default: Failure to perform an obligation under a contract.

Exception: A circumstance in which DSHS determines it is in the best interests of the department (or its clients) to waive part or all insurance requirements under this policy.

Indemnify: To compensate an entity, person, or insured for injury, loss, or damage that has been incurred.

Individual Provider: A person, working privately or under contract with DSHS, who acts as authorized by DSHS, at the direction of a DSHS client living in his or her own home and provides that person with personal care and/or health care services.

Insured: The person(s) protected under an insurance contract.

Insurer: The company that is contractually obligated to indemnify for losses and perform as identified in specific policies.

Insurance: A contract binding a party to cover another against specified loss in return for payment.

Liability Insurance: Insurance that pays or renders service on behalf of an insured for loss arising out of legal liability to others. Examples include, but are not limited to, the following types of coverage: Commercial General Liability (CGL); Professional Liability (PL); and Business Automobile Policy (BAP).

Waiver: A document issued by DSHS permitting any exception of deviation from this policy.

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POLICY:

DSHS requires all contractors to carry liability insurance, in amounts consistent with policy limits, subject to the exceptions and exclusions as identified below.

A. EXCLUSIONS TO REQUIREMENT OF INSURANCE

Exclusions from this policy are as follows:

1. Insurance is not required if the contract is with another agency of the state of Washington; or
2. Insurance is not required if the contract is with an individual provider.

B. ADMINISTRATION RESPONSIBILITIES

Each administration must obtain a Certificate of Insurance (COI) prior to the date of execution of the contract. The types of insurance and the limits of liability required must be entered by administration contracting staff into the Agency Contracts Database (ACD) for that contract. If the COI is not received prior to the execution of the contract, the administration must: a) secure/submit a waiver, b) not contract. The original COI must be maintained in the contract file at the administration with a copy sent to:

Department of Social and Health Services
Administrative Services Division
Central Contract Services
PO Box 45811, Olympia, WA 98504-5811
Attn: Insurance Services Manager

C. CENTRAL CONTRACT SERVICES RESPONSIBILITIES

1. Central Contract Services (CCS) will serve as the centralized source of information for contractual insurance issues.
2. CCS will keep the department informed of any changes to the OFM recommendations to contractual insurance, of any notices of cancellation, and of changes in the status of insurance companies associated with any contractors.
3. CCS will publish on the CCS and TRACKS Purchased Services Contracts website at <http://asd.dshs.wa.gov/ccs/ccs-insurance-type.htm> the types and amounts of insurance that contractors are required to carry. These are based on industry standards as identified by the Office of Financial Management's Risk Management Division.
4. CCS will issue contract formats, in accordance with Administrative Policy 13.10, including provisions on insurance.

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5. CCS must review each COI upon receipt from the administrations to verify its correctness to the contractual obligations. Any discrepancies noted within the COI will be identified and the appropriate persons notified.
6. CCS must verify the COI for correctness and proper entry onto the ACD insurance page. CCS must complete the COI information (expiration date, certificate number) in the ACD.
7. CCS must file each COI by the month of expiration, until one month prior to the insurance policy renewal date. If the contract is still effective, CCS will contact the Contractor for an updated COI.
8. CCS must prepare and forward a quarterly report of all current waivers (see D. Exceptions to Policy, below) to the DSHS Chief Administrative Officer. This report must include the following information: administration, contract type, waiver, and justification.

D. EXCEPTIONS TO POLICY

When determining whether to deviate from the policy limit requirements, or waive the insurance requirement, the Assistant Secretary, or designee of the administration seeking services, must consider the risks associated with the type of service being purchased, the potential benefits of insurance to DSHS and its clients, and the availability of insurance.

1. If there is documentation that the contract class or type of contractor is unable to obtain insurance due to industry or economic factors, then the Assistant Secretary or designee may determine it is in the best interests of the department to waive the insurance requirement.
2. The Assistant Secretary or designee must justify any waiver in writing. Documentation of a waiver must be in the form of a memorandum signed by the Assistant Secretary or designee and retained with the contract file in the administration or, in the case of a contract type to be used for multiple contractors or those that cross administrations, in the files maintained by CCS. A copy of the waiver must be forwarded to the CCS at the address given above.